

# **2007 Farm Bill**

## **Debate**

**The U.S. Grape Industry  
Perspective**

***Advanced by a National Coalition  
of Fresh & Processed Grape  
Product Groups***

**TABLE OF CONTENTS AND STATEMENT OF KEY POSITIONS**

<b>INTRODUCTION/THE NEED FOR A GRAPE INDUSTRY PERSPECTIVE.....</b>	<b>1</b>
<b>COMMODITY SECTION.....</b>	<b>3</b>
<b>Planting Flexibility Restrictions Should Be Maintained .....</b>	<b>3</b>
<b>Potential Phasing of Commodity Subsidy Payments from WTO         Unfriendly “Amber” Payments to Compatible “Green” Payment         Should Benefit Specialty Crops Too.....</b>	<b>3</b>
<b>CONSERVATION SECTION.....</b>	<b>4</b>
<b>New Conservation Related Programs Developed Should Be Subjected to a         Cost/Benefit Analysis .....</b>	<b>5</b>
<b>In Establishing Eligibility for Participation in Conservation Programs         Administered by the Secretary of Agriculture, the Secretary Should         Be Permitted to Give Priority to Specialty Crop Producers that         Follow Specified Voluntary Sustainability Guidelines .....</b>	<b>5</b>
<b>Increase Funding for and Expand Use of the Environmental Quality         Incentive Program (EQIP) .....</b>	<b>6</b>
<b>Authorized USDA to Reward Collective Action by Grape or Other         Specialty Crop Producers in Allocating Federal Funding, Guidelines         and Technical Assistance.....</b>	<b>6</b>
<b>Create a New Conservation Revolving Loan Program Operated at the         State Level within Federal Guidelines .....</b>	<b>6</b>
<b>Guarantee a Minimum Level of Conservation Related Funding for         Each State .....</b>	<b>7</b>
<b>Improve Access to Grape and Other Specialty Crop Producers to the         Conservation Technical Assistance Program (CTA).....</b>	<b>7</b>

<p><b>Either Eliminate the Adjusted Gross Income (AGI) Limitation for Conservation Programs or Increase the Average AGI Limit.....</b></p>	<b>7</b>
<p><b>Accelerate Expansion of the Conservation Security Program (CSP) .....</b></p>	<b>8</b>
<p><b>Streamline the USDA Conservation Programs Application Process for Grape and Other Specialty Crop Producers.....</b></p>	<b>8</b>
<p><b>Better Coordinate USDA Conservation Programs.....</b></p>	<b>8</b>
<p><b>The USDA Should Encourage and Foster the Continued Emergence of Market Opportunities for Trading and Reducing Greenhouse Gas Emissions Through New Programs or an Expansion of Existing Programs Advanced in the 2007 Farm Bill .....</b></p>	<b>9</b>
<p><b>TRADE SECTION .....</b></p>	<b>10</b>
<p><b>Increase the Funding Level of Market Access Program (MAP) .....</b></p>	<b>10</b>
<p><b>Support Continuation of the Technical Assistance for Specialty Crops (TASC) Program and Increase Current \$2 Million Mandatory Funding Levels Over Next 5 Years .....</b></p>	<b>11</b>
<p><b>Better Coordination of Trade Objectives in Dealing With Sanitary and Phytosanitary (SPS) Issues Between Key USDA Agencies Is Needed.....</b></p>	<b>11</b>
<p><b>Maintain Funding for International Maximum Residue Limits (MRL) Database.....</b></p>	<b>11</b>
<p><b>Provide Adequate Funding to Maintain the Foreign Agricultural Service (FAS) Activities.....</b></p>	<b>12</b>
<p><b>NUTRITION SECTION .....</b></p>	<b>13</b>
<p><b>Permit Food Safety Discussions as a Part of Federal Marketing Orders Operations .....</b></p>	<b>13</b>

Expand and Further Fund the School Fruit and Vegetable Snack Program.....	14
Expand and Further Fund the WIC and Seniors Farm Market Nutrition Programs.....	14
Better Define the Mission and Scope of the Food Stamp Nutrition Education Program.....	14
Provide \$10 Million per Year for 5 Years of Mandatory Funding for a Food Stamp Fruit and Vegetable Electronic Benefit Transfer Card Pilot Program .....	14
Harmonize All Federal Feeding Programs with the 2005 Dietary Guidelines .....	14
Create and Properly Fund a New Fruit and Vegetable Nutrition Promotion Program to Help the U.S. Population Increase its Consumption Consistent with the 2005 Dietary Guidelines Level .....	15
USDA Fresh Fruit and Vegetable Commodity Purchases Out of Section 32 Contingency or “Reserve” Fund or Other Funding Sources Should Be Encouraged and Better Funded – But Not on the Basis that Processed Specialty Crops Lack Nutritional Value .....	15
<b>RESEARCH AND DEVELOPMENT SECTION .....</b>	<b>16</b>
The Grape Industry Is a Significant Part of the Specialty Crops U.S. and Global Activity .....	16
Multi-Disciplinary Collaboration Both Within and Without the Specialty Crop Industry Will Maximize Research Results.....	17
Research Should Be Aimed at Developing New Technology .....	18
Continue and Increase Funding of Specialty Crop Food Quality Research Priorities.....	18

Continue and Increase Funding for Research Aimed at Understanding Consumer Perceptions of Specialty Crops, the Role of Nutrition in Specialty Crops, and the Related Economic Contribution of Specialty Crops to Rural Economies .....	19
Establishment of a New, Nationally Coordinated and Funded National Clean Plant Network (NCPN) Is Important .....	19
Provide Mandatory Funding of at Least \$200 Million per Year (\$1 Billion Over 5 Years) to Establish a New Grant Program within USDA (CSREES) to Improve the Efficiency and Competitiveness of Specialty Crop Producers .....	20
Require the Development of a “Specialty Crop” Priority Area within the Overall Areas of Emphasis of the National Research Initiative (NRI) .....	20
In Prioritizing Overall Federal Research Activities for Specialty Crops – Be It USDA or Other Relevant Agencies – Guidelines Must Be Set Out in Report or Similar Clear Language.....	21
In Connection with the Re-ordering of Specialty Crop Research Grant Priorities of Existing Federal Agency Structure – Two Proposed New Models for Re-ordering All Agriculture Research Described Below – Or Any Ultimate Combination Thereof – Deserve Careful Review and Consideration .....	21
<ul style="list-style-type: none"> <li>• The NIFANR Proposal Totally Revamps the USDA/ University Partnership by Creating a New Research Oriented Agency Under The Secretary of Agriculture .....</li> <li>• The NFIA Research Re-ordering Proposal Was Developed by a USDA Task Force and Modeled After the NIH – Operating within the USDA Structure and Is Now Memorialized in U.S. Senate Bill 2782 (Talent) .....</li> </ul>	22
Consider Rescinding or Reducing the 20 Percent Cap on Indirect Charges on Agricultural Research Competitive Grants .....	23
Encourage More Research Funding that Focuses on Value-Added Grant Programs .....	23

## **ENERGY SECTION..... 25**

<b>The 2007 Farm Bill Activity Provides an Opportunity to Develop and Fund New Proposals Aimed at Helping the Agricultural Industry with Research and Capital Costs Associated with Pursuing Alternate Energy Sources. The Grape Industry Supports Such Action. ....</b>	<b>25</b>
.....	

## **MISCELLANEOUS SECTION/CROP INSURANCE AND RELATED RISK MANAGEMENT ISSUES..... 26**

<b>Crop Insurance Needs Substantial Updating to Reflect the High Risk Nature of Grape Production .....</b>	<b>26</b>
--	-----------

<b>Tree Assistant Program Funding Should Be Increased to Reflect the Increasing Cost of Vine and Other Eligible Crop Replacement.....</b>	<b>27</b>
---	-----------

<b>High Production Cost Specialty Crops – Like Vineyards – Should Have a Higher Disaster Assistance Payment Limit .....</b>	<b>27</b>
---	-----------

<b>The Specialty Crop Federal Disaster Assistance Funding Policy Manual Should Be Changed So As Make Clear that Specialty Crops Are Eligible for Relief.....</b>	<b>27</b>
--	-----------

<b>The Approval Process by US EPA for an Emergency Exemption to Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) Provisions Should Be Expedited .....</b>	<b>28</b>
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## **MISCELLANEOUS SECTION/INVASIVE PESTS AND DISEASE CONTROL ..... 29**

<b>Key to the Grape Industry Is the Need For Tight Controls on Plant Imports and Bio-Controls .....</b>	<b>29</b>
---	-----------

<b>Create an Office of Pest Management in the Secretary of Agriculture Office to Expedite Integration of USDA Pest Management Activities and Enable More Effective Interplay with US EPA in this Important Area.....</b>	<b>30</b>
--	-----------

Require APHIS to Develop a Program that Determines and Prioritizes Foreign Threats to Domestic Production of Specialty Crops Including Bio-Terrorism and Provide Mandatory Funding Over 5 Years to Accomplish the Task .....	30
Create a New Sanitary and Phytosanitary (SPS) APHIS Export Division to Expedite Processing of SPS Petitions .....	31
Permit Access to Commodity Credit Corp (CCC) Funds for Emergency Eradication Programs .....	31
Require that All Initiated Trade Agreements (Including Notification of Trade Agreements) Sent to Congress Are Accompanied by a Report on the Current Sanitary and Phytosanitary (SPS) Barriers for Agricultural Products.....	32
Provide Funding to Continue Production of Sterile Med-Fly .....	32
MISCELLANEOUS SECTION/EXPAND THE BLOCK GRANT OPPORTUNITIES WITH INCREASED FUNDING AND BETTER, MORE FLEXIBLE GUIDELINES.....	33
MISCELLANEOUS SECTION/EXPAND AND BETTER FUND THE USDA OFFICE OF TECHNOLOGY TRANSFER TO BETTER PROTECT INTELLECTUAL PROPERTY RIGHTS.....	34
MISCELLANEOUS SECTION/TRANSPORTATION AND RELATED SHIPPING DATA IMPROVEMENTS .....	35
Provide Mandatory Funding to Maintain the Viability of Fruit and Vegetable Market News.....	35
Provide Mandatory Funding to Help the USDA Transportation Service Branch Operate a Grant Program to Improve Transportation Infrastructure.....	35

My name is Karen Ross. I am President of the California Association of Winegrape Growers.

Today I am here on behalf of a national coalition of fresh and processed grape product organizations that include, among others, CAWG, Wine Institute; the CA Table Grape Commission; Welch's Grape Juice; and, Sun-Maid Raisins. Grapes are the nation's sixth largest crop and California's second largest farm product with wine the number one finished ag product.

For the past two years we have been working together to create a national strategic research, education and extension plan. The goal of our initiative is to triple the industry's economic impact to \$150 billion by the year 2020 by strongly increasing market share and becoming the world leader in value and sustainability, as well as contributing to the quality of life in rural communities. The key objectives of this plan are to:

- Understand and Improve Quality
- Develop Consumer Insights, Improve Our Products' Nutritional Components and Enhance our Contribution to Local Communities
- Improve Processing and Production Efficiencies
- Develop and Implement Sustainable Practices

We are working with other specialty crops through the Specialty Crop Research Team to align our common priorities and articulate a clear, unified set of priorities to researchers, academic institutions, government and other funding agencies.

The grape sector has joined with other specialty crops to seek a 2007 Farm Bill that will balance investment fairly between specialty crops and traditional program crops to enhance the overall competitiveness of agriculture. My remaining comments will highlight just a few of the priorities for fresh and processed grapes. A more comprehensive document representing a consensus of the grape sector on important topics to be addressed in the Farm Bill has been submitted for the record. We will continue to refine this document to identify the highest priorities over the next few months.

#### Research

Success in maintaining a competitive edge is directly tied to investment by industry and government in research and extension of research results to stimulate innovation by industry and accelerate the adoption of new best practices to keep grapes and wine competitive, enhance our environmental productivity, create new jobs and generate revenues to keep rural communities healthy. The recent update of the USDA strategic plan states it best: Research is the foundation of progress.

Specifically, we recommend:



- Establishment of a new nationally coordinated and funded National Clean Plant Network supported with mandatory funding of \$5 million a year. Grape, fruit tree and tree nut industries depend upon programs for the production of clean planting materials which are in jeopardy due to lack of public funding. Clean planting materials will prevent pest infestations and environmental impacts associated with treating diseased plants, while enhancing quality and economic return with access to clean, new varieties.
- Mandatory funding of at least \$300 million per year to establish a new grant program with USDA-CSREES to improve the efficiency and competitiveness of specialty crop producers. Grants should be evaluated and awarded on the basis of substantial specialty crop industry input and direct involvement. A wide variety of organizations and research entities should be eligible.
- Requiring the National Research Initiative to develop a specialty crop priority area within its overall areas of emphasis. As part of this priority area, funding should be dedicated to applied research and extension programs.
- More research funding should focus on specialty crop food quality research priorities, such as defining nutritional quality, improving flavor and taste and on the growth potential for American value-added, branded and packaged food products. Research in this arena should look at how growers can capitalize on the changing tastes and demands of American consumers, as well as how to tap into export opportunities.
- Research should be aimed at developing new technology with investments made in new production and processing techniques; improving raw and finished product quality; understanding and improving the nutrition benefits of grapes and grape products; and, developing sustainable production practices that will enhance environmental protection in a cost-effective manner.

#### Pest & Disease Exclusion

One of the top priorities of the Farm Bill should be to protect agriculture, our natural resources and the public health from invasive and exotic pests and diseases. We must be prepared to respond immediately and we need to be proactive with research and planning – lessons we have learned first-hand because of the Glassy-winged Sharpshooter which vectors the vine-killing Pierce's Disease and more recently because of Vine Mealybug. Eradication and ongoing suppression programs are expensive to operate and disruptive to the environment. A wiser investment would be to fully fund APHIS for port inspections, quarantine treatments, detection surveys and eradication efforts to prevent the introduction of new invasive species and the spread of existing ones.

Key to the grape industry is:

- Tight controls on plant imports and bio-controls.
- Inclusion of the Early Pest Detection and Surveillance Improvement Act (HR 4090) in the 2007 Farm Bill.
- Full funding to maintain the PD/GWSS control and containment program.

- The creation and funding of an Office of Pest Management in the Secretary's Office to expedite integration of USDA pest management activities and enable more effective interplay with U.S. EPA.
- \$100 million a year in mandatory funding and a requirement for APHIS to develop a program that determines and priorities foreign threats to domestic production of specialty crops including bio-terrorism.
- Access to Commodity Credit Corp (CCC) funds for emergency eradication programs.

### Conservation

Once again, the update of the USDA strategic plan states our position succinctly. We need to integrate new science-based knowledge, technologies, decision-support systems and best management practices to optimize efficient, economical and environmentally sustainable production systems that are size- and scale-appropriate. Conservation and environmental stewardship programs are critically important to California farmers and ranchers and to the people of California who benefit from our environmental productivity. The programs need to be expanded and provide flexibility to meet California's priority natural resource needs.

The grape sector requests your support for:

- The expansion of the scope of the Conservation Security Program to significantly increase the number of watersheds contained in the program, particularly in states like California with farmlands in environmental sensitive areas. Air quality, water conservation, pest management should be made equal priorities with soil and water quality objectives.
- A provision that the Adjusted Gross Income Limitation not apply to conservation programs.
- Increased EQIP funding.
- Voluntary producer-driven programs meeting important environmental management criteria being deemed equivalent to EQIP and CSP self-assessments and farm plans for purposes of qualifying for these programs. Collective efforts like the California Sustainable Winegrowing Program, the Lodi Rules program and the Central Coast Vineyard Team's Positive Point System should be rewarded and encouraged.
- Development by USDA of market-based solutions to global environmental challenges such as global warming by encouraging and fostering implementation of conservation practices to proactively address these challenges. Soil carbon sequestration through vineyard floor management alternatives is one example. The use of renewable fuels and biodiesel are others currently used by the grape industry.

### Trade

The best way to enhance farm and ranch profitability is by meeting demand for new farm products in developing and expanding market opportunities here and abroad. In the case

of the grape industry, help is needed with research and other strategies aimed at developing new “value added” products that will expand the market for grape producers in the U.S. and foreign countries. A partnership approach between the private and public sector should be further encouraged to increase joint funding opportunities.

Specifically, the grape and grape products industry supports:

- Increased funding of the Market Access Program (MAP).
- Continuation of the Technical Assistance for Specialty (TSCA) Program and increase the current \$2 million mandatory funding levels.
- Adequate funding to maintain the Foreign Agricultural Service (FAS) activities.
- Maintaining the funding for the International Maximum Residue Limits (MRL) database.

### Nutrition

Across the life span, proper nutrition is critical in promoting good health, preventing disease, and improving quality of life. Therefore, agriculture policies and related domestic and international nutrition assistance programs should support incentives and key strategies that help Americans reach national health goals and ultimately reduce health care costs.

The Dietary Guidelines for Americans calls for the consumption of 5 to 13 servings a day of fruits and vegetables as a cornerstone of good health. Grapes and grape products have been shown to be a good source of nutrition and can positively impact human health. Additional research is needed to further demonstrate the value of the consumption of grapes and grape products as well as to provide additional access to these health products.

Among the specific recommendations the grape industry asks you to support are:

- Create and properly fund a new fruit and vegetable nutrition promotion program to help the U.S. population increase its consumption consistent with the 2005 dietary guidelines level.
- USDA fresh fruit and vegetable commodity purchases out of the Section 32 contingency or “reserve” fund or other funding sources should be encouraged and better funded – but not on the basis that processed specialty crops lack nutritional value.
- Expand and further fund the school fruit and vegetable snack program
- Harmonize all federal funding programs with the 2005 dietary guidelines.

Finally, the grape and grape products industry supports expansion of the State Block Grants for Specialty Crops program, originally authorized in the Specialty Crop Competitiveness Act of 2004. Due to the wide diversity and localized needs in specialty crop production, state departments of agriculture are uniquely able to assist local growers with the specific investments they need to increase competitiveness.

On behalf of California's grape and grape products organizations, I want to thank you for this opportunity to provide comments. We appreciate the Administration's willingness to play a leadership role in developing balanced policy that will serve the needs of the entire agricultural industry and the people who depend upon it for food, fiber, environmental benefits and energy.

## **INTRODUCTION**

### **THE NEED FOR A GRAPE INDUSTRY PERSPECTIVE**

The grape industry is a significant part of the Specialty Crop segment of the U.S. agriculture economy. For purpose of this discussion, the term "specialty crops" includes fruits and vegetables, tree nuts, dried fruits, nursery crops (including floriculture), and products made from these crops.

Overall, specialty crops produce approximately 50% of the farm gate value of total plant agricultural production of product. If the product is processed on the farm – as wine grapes often are – the value goes much higher. Also, exports of specialty crops and their products are increasing, with global per-capita production and consumption rapidly expanding.

Fresh and processed products derived from Specialty Crops make vital contributions to human health and well-being, and collectively constitute the economic backbone of many rural economies across the U.S.

Also, the tremendous, positive contribution of Specialty Crops and their products to human health and well-being has been dramatically underscored by the U.S. Department of Agriculture's (USDA) recent revision of the food pyramid – three of the five recommended food groups include Specialty Crops.

However, specialty crop producers and processors face serious challenges. This is particularly true for the grape industry. These challenges include: increasing competition from lower cost foreign producers; declining availability of labor, land, water and energy resources; persistent and serious pressure from insect and plant diseases; increasing costs and greater management complexity from state and federal regulations; and, greater demand for improved microbiological food safety.

While the challenges facing specialty crop producers have increased, research and extension capacity to address specialty crop producer and processor problems throughout the U.S. has decreased dramatically. This combination of increasing challenges and fewer resources to address serious problems threatens the stability and economic viability of individual producers, rural economies and national food security.

Grape based products are not only sold fresh but also are processed into raisins, wine, juice, and other products – often by the grower. Even without including value added wine, grapes are #1 in annual farm gate value at about \$3.5 billion (#2 is about \$2.9 billion). Including wine value would add another \$7.5 to \$8 billion – bringing the overall grape impact to approximately \$10 - \$11 billion – one fifth (1/5) of the entire specialty crops farm gate value.

In dealing with these challenges, the grape industry shares an interest in a number of the proposals advanced by other specialty crop industry groups for inclusion in the 2007 Farm Bill. However, the grape industry's emphasis varies due in part to the great impact of wine, raisins, juice and other “value added” grape based products. For example, our industry believes the need to substantially increase and better focus funding opportunities for relevant research with “mandated funds” is of paramount interest to its future. Coordinated, effective, efficient research programs will make the difference in how well the grape industry competes in the future global economy. This theme permeates several of the Farm Bill title subjects including Conservation, Nutrition, Invasive Pests and Disease and, of course, Research. The grape industry also believes sustainable farming practices that include environmental protection and conservation are a key to its future success.

The grape industry thinks the historical neglect of specialty crops (including grapes) and their needs in previous Farm Bills must end. This country needs a balanced Farm Bill that contributes to the sustainability of all farmers and recognizes the significant and ever-increasing role of specialty crops.

## COMMODITY SECTION

While the Commodity Section does not focus on the Specialty Crop issues, the issues involving planting flexibility restrictions and WTO “green box” payment, deserve comment.

### **Planting Flexibility Restrictions Should Be Maintained**

The Commodity Section includes planting restrictions on federal subsidized farmland.

The grape industry supports the concept that as long as a farmer receives direct payments from the government related to not planting commodity crops, they should be prohibited from using the subsidized land for vineyard or other specialty crops.

### ***Potential Phasing of Commodity Subsidy Payments from WTO Unfriendly “Amber” Payments***

#### **to Compatible “Green” Payment Should Benefit Specialty Crops Too**

If so-called WTO friendly “green payment” are expanded to play a significant role in federal funding of the U.S. agriculture industry, specialty crops should be included in the program on the same basis as other agricultural products.

Sustainability and other conservation measures already pursued by the grape industry could be further advanced if this concept was adopted.

## CONSERVATION SECTION

Society is demanding that our land, air, and water systems be protected from damage potentially associated with agricultural practices. The grape industry has and will continue to commit its resources to protect the environment. We are at the leading edge within agriculture of adopting sustainable practices that will provide enhanced protection for our air, land, and water resources.

For example, the California Sustainable Winegrowing Program provides a self-assessment workbook for growers and vintners to benchmark their practices in such areas as viticulture; soil management; vineyard water management; pest management; wine quality; ecosystem management; energy efficiency; winery water conservation and quality; material handling; solid water reduction and management; air quality; environmentally preferred purchasing; human resources; neighbors and communities. Over 1,300 enterprises have participated. The *2004 California Wine Community Sustainability Report* is based on the submission of self-assessments to help it establish baselines and identify targets for improvement. The industry is now in the process of facilitating action plan workshops to help participants identify their goals for improving practices in their vineyards and wineries. The raisin industry is also active with self-assessment and grower education programs.

However, many grape producers and conservation groups believe that the funding levels for agriculture conservation during the past decade have not kept up with demands – i.e. quantification of carbon sequestration of vineyards – (global warming issue). The need for greater and more stable funding of conservation was apparent in the test of the 1996 and 2002 Farm Bills. Funding has yet to match the expectations of the agricultural and conservation communities or the level directed by Congress in the legislation. After adjusting to constant dollars, funding for conservation financial assistance is now lower than what it was in the 1960's. Further, the inconsistent level of funding has hampered the adoption of conservation practices and has made the U.S. banking system look dubiously at government conservation payments when producers seek loans from their financial institutions.

The federal government should provide incentives to producers for adoption of conservation and environmental enhancement practices that would assist producers' transition from currently accepted practices to those that will provide additional protection of our air, land, and water resources. This will enable producers to cover the risks often associated with these transitions.

If the U.S. decides to expand WTO "green box" programs in response to "amber box" program decreases, it could provide a basis on which to better deal with "sustainability" and related farm conservation strategies.

Several concepts advanced by the grape industry along with other specialty crop producers and environmental organizations are commented on below. All could prove helpful to the grape industry.

# **New Conservation Related Programs Developed Should Be Subjected to a Cost/Benefit Analysis**

Any new conservation related programs developed should include an analysis of the cost and benefits associated with such practices. Imposing high cost conservation and environmental control practices that cause grape or other specialty crop producers to be non-competitive in the world marketplace is counterproductive.

Identifying cost effective farm conservation strategies is an area deserving significant research by appropriate federal agencies or private sector institutions utilizing federal grants.

## **In Establishing Eligibility for Participation in Conservation Programs Administered by the Secretary of Agriculture, the Secretary Should Be Permitted to Give Priority to Specialty Crop Producers that Follow Specified Voluntary Sustainability Guidelines.**

“Sustainability” is a concept growing in interest and will play an increasing role in the producing and processing of specialty crops.

While it is relevant to many areas which will be addressed in the 2007 Farm Bill debate such as trade, research, invasive pest control, etc., sustainability has particular relevance to the subject of conservation.

The grape industry strongly supports the concept that the Secretary of Agriculture and all USDA and related federal agencies should encourage through funding, research and other strategies, the development of voluntary sustainable practices guidelines for producers and processors of specialty crops.

Such activity should include provisions that:

- □enhance producer-to-producer and processor-to-processor education about the importance of sustainable practices;
- □demonstrate how self-governance will enhance the economic viability and future of the specialty crop community; and,
- □demonstrate that working closely with neighbors, communities, and other stakeholders to maintain an open dialogue can address concerns, enhance mutual respect, and accelerate results.

To further encourage use of these and other sustainability guidelines, the Secretary should give priority to specialty crop producers and processors that follow voluntary “sustainability” guidelines in determining eligibility for participation in conservation program funding and other programs.



# **Increase Funding for and Expand Use of the Environmental Quality Incentive Program (EQIP)**

The grape industry supports a mandatory allotment of at least 25% of total funding for specialty crop production within EQIP, similar to the 60% guarantee that exists for the livestock industry.

Dedicated funding should specifically include programs applicable to specialty crop producers that are aimed at air quality improvement and sustainable use of ground and surface water.

Also, the National Resource Conservation Service (NRCS) should be directed to work with land grant universities and other entities such as multi-disciplined specialty crop related groups, to develop model programs for using EQIP funds. One objective would be to develop a model whereby private voluntary programs that meet important environmental management criteria are deemed “equivalent” to EQIP and the Conservation Security Program (CSP) self-assessments and check-lists, for purposes of qualifying for EQIP and CSP payments.

## **Authorized USDA to Reward Collective Action by Grape or Other Specialty Crop Producers in Allocating Federal Funding, Guidelines and Technical Assistance**

Environmental progress is often greatest with cooperative conservation ventures such as the California Sustainable Winegrowing Program that involves a broad base of constituents at the local level while drawing upon federal funding, general guidelines, and technical assistance. Government agencies can do more to take advantage of the cooperative efforts that engage partnerships in the process.

## **Create a New Conservation Revolving Loan Program Operated at the State Level within Federal Guidelines**

The grape industry acknowledges that many specialty crop producers find that the cost of developing and implementing conservation strategies such as setting aside land for “open space” or “wild life preserves” and practices such as use of overhead trellis grape drying practices for raisins thus enhancing the grower’s ability to use land conservation practices, are so high as to limit their ability to proceed.

Some people interested in the subject suggest creating and initially funding a conservation revolving loan program to aid producers to finance the application of conservation measures on their lands. They advocate long-term loans at or below market rates. The program should complement, and not compete, with private financial markets

including the Farm Credit System. The idea is to authorize the Secretary of Agriculture to establish a state conservation revolving loan fund in cooperation with the Governors of each state and operate the loan program at the state level within Federal guidelines.

The grape industry thinks this idea deserves careful study as to how best it could be implemented.

## **Guarantee a Minimum Level of Conservation Related Funding for Each State**

The grape industry exists in all 50 states; however, as is the case with other specialty crops, certain states tend to dominate a particular grape product – i.e. California wine grapes, wine products and raisins.

To avoid draining all conservation related money away from states with a small but growing number of producers, each state should have allocated a minimum level of funding.

### **Improve Access to Grape and Other Specialty Crop Producers to the Conservation Technical Assistance Program (CTA)**

Administered by the USDA/Natural Resource Conservation Service (NRCS), the Conservation Technical Assistance (CTA) program provides direct technical expertise and assistance; conservation standards and technology; natural resource inventories, data, and information; training and certification; and incentives for conservation innovation to help producers protect natural resources on non-federal lands.

The grape industry supports efforts to improve its access to the CTA program including such suggestions as:

- □ creation of a private sector group of experts trained to help producers access and use the CTA program;
- □ making greater use of Technical Assistant Providers; and,
- □ use of a recourse and needs based formula to enhance funding from (NRCS) conservation technical support to applicants.

This and other programs have helped the grape industry with its sustainability strategies.

### **Either Eliminate the Adjusted Gross Income (AGI) Limitation for Conservation Programs or Increase the Average AGI Limit**

The structure of specialty crop operations includes a broad diversity and scale of businesses, some of which can effectively eliminate many growers from program eligibility because of average AGI limitations. Conservation programs stand to benefit

the public good and producers should be given incentives to implement projects regardless of the average AGI. Such limitations may prevent or limit project development and implementation where significant environmental gains could be made due to the fact that these producers may have additional resources, management and staff to bring to bear on the project. By eliminating the AGI limitation for EQIP and other conservation programs, all producers can access cost-share funds and other incentives for implementing conservation efforts.

Another approach to the problem would be to increase in the average AGI limit (e.g. \$5 million instead of \$2.5 million) or require that those over a certain threshold contribute more of the funding toward the project.

## **Accelerate Expansion of the Conservation Security Program (CSP)**

The CSP, authorized by the 2002 Farm Bill, rewards producers for ongoing environmental stewardship on working lands – including vineyards. In addition, CSP provides financial incentives for producers to adopt additional conservation practices in their farming operations. In return, the participating producers receive payments that increase as conservation practices increase. The problem is the program is limited to specific “watersheds” – starting out at 18 and now increased to 220.

The CSP should accelerate its increase in the number of watersheds contained in the program, particularly in states with farmlands in environmental sensitive areas. Air quality, water conservation and pest management objectives should be equal in program priorities with soil and water quality objectives.

### **Streamline the USDA Conservation Programs Application Process For Grape and Other Specialty Crop Producers**

A single application should suffice for any USDA conservation program. The multiple applications required for conservation programs are often redundant, time-consuming, and costly and present barriers for producers to implement conservation projects. By streamlining the process, more producers are likely to submit applications and to adopt these preferred practices.

## **Better Coordinate USDA Conservation Programs**

USDA could significantly help the grape and other specialty crop producers to utilize its various conservation programs if such programs were consolidated into 3 or 4 main programs. For example, USDA could integrate the cost sharing aspects of CSP, EQIP and other programs.

Also, a substantial portion of conservation program funds should target the highest priority resource concerns regardless of the category in which they are located.

**The USDA Should Encourage and Foster the Continued Emergence of  
Market Opportunities for Trading and Reducing Greenhouse Gas Emissions  
through New Programs or an Expansion of Existing Programs Advanced in the  
2007 Farm Bill**

Market-based solutions to global environmental challenges such as global warming offer a new income opportunity to farmers. It is critically important to begin preparing the basis for American farmers to participate in these new income opportunities.

Specifically, American agriculture has an enormous potential to earn income while helping mitigate greenhouse gas (GHG) emissions that can contribute to global climate change. Soil carbon sequestration through conservation tillage practices; tree and grass plantings; the combustion and capture of agricultural methane, and, the use of renewable fuels such as ethanol and biodiesel are some of the main sources of opportunity. Implementation of these conservation practices could potentially produce additional income for the U.S. agricultural sector through payments for carbon credits.

These practices simultaneously promote the USDA's mission of helping American producers reduce risk, diversify their income streams, improve productivity and promote long-term sustainability and health of U.S. farmland.

USDA is currently providing incentives and supporting voluntary GHG reduction actions by private landowners through the portfolio of conservation programs it administers. USDA's actions include financial incentives, technical assistance, demonstrations, pilot programs, education and capacity building, along with measurements to assess the success of these efforts. In addition, there are a number of other public and private GHG trading programs and activities in which farmers and ranchers are engaged worldwide.

However, to further encourage these private and public efforts, the grape industry believes that USDA should encourage and foster the continued emergence of market opportunities for trading and reducing greenhouse gas emissions in the 2007 Farm Bill.

## TRADE SECTION

The best way to enhance farm and ranch profitability is by meeting demand for new farm products in developing and expanding market opportunities here and abroad. With more than 96 percent of the world's consumers living outside of the United States, exports will play an ever-growing role in generating farm revenues. In the case of the grape industry, help is needed with research and other strategies aimed at developing new "value added" products that will expand the market for grape producers in the U.S. and foreign countries.

The grape industry thinks a partnership approach (like the Market Access Program) between the private and public sector should be further encouraged to increase joint funding opportunities to enhance world market demand for grapes and grape products and enable the U.S. grape industry to compete with highly-subsidized foreign agriculture.

In this regard, we suggest grapes and other specialty crops need a comprehensive plan of action to be globally competitive. The plan must coordinate "self-help" with targeted governmental involvement and investment to be successful. Such a plan should be designed to:

- □secure an abundant, safe, and affordable food supply;
- □address consumer's continued demand for product differentiation and quality; and,
- □ensure a sustainable future for U.S. Agriculture in rural communities – a future that will expand conservation and rural development, enhance food security, and improve nutrition, in order to enable health and well-being.

Several concepts consistent with this thinking advanced by specialty crops and other groups interested in the global future of U.S. agriculture, in general, are summarized below and deserve support.

### **Increase the Funding Level of Market Access Program (MAP)**

The grape industry supports USDA's Market Access Program at the annual level of \$325 million suggested by the Coalition to Support U.S. Exports.

The program has helped expand exports of high value agricultural products, including wine, raisins and table grapes.

**Support Continuation of the Technical Assistance for Specialty Crops (TASC)  
Program and Increase the Current \$2 Million Mandatory  
Funding Level over Next 5 Years**

The grape industry strongly supports funding increases for the TASC program first initiated in the 2002 Farm Bill. The program has played a critical role in dealing with sanitary and phytosanitary (SPS) non-tariff trade barriers. Over the next 5 years, the current level of mandatory funding should increase from \$2 million PY to meet the annual demand for TASC funds of \$7 million.

**Better Coordination of Trade Objectives in Dealing with Sanitary and  
Phytosanitary (SPS) Issues between Key USDA Agencies Is Needed**

It is clear that for effective market access throughout the world for the specialty crop industry, SPS issues must be addressed as part of any current or future trade agreements. To be successful in this effort, many in the specialty crop industry believe that a coordinated and unified strategy must be in place between all of the key government departments that are responsible for agriculture trade matters.

There should be a report or other language that will encourage key agencies such as FAS/APHIS/USTR to work toward increased coordination of export trade objectives and greater transparency on work related to SPS issues.

## **Maintain Funding for International Maximum Residue Limits (MRL) Database**

The International Maximum Residue Limits (MRL) database provides users with a list of MRL tolerances by active ingredient to desired export destinations. Users may query by crop, pesticide active ingredient and pesticide type. Over 300 fruit, vegetable and nut commodities are covered, as are 272 pesticides approved by the EPA for use on those commodities in the U.S.

MRL data is included from 70 countries, the European Union and the Codex Alimentary U.S. Commission. Each country in the database represents, at a minimum, \$1 million in annual export revenue for U.S. horticultural commodities. This database is especially useful for growers, exporters, chemical manufacturers, and regulators as an aid for determining the MRLs of U.S. trading partners.

The Foreign Agricultural Service (FAS) should be directed to fund ongoing updates to the MRL database project and not to supplant funding currently allocated for ongoing FAS programming requirements.

**Provide Adequate Funding to Maintain the  
Foreign Agricultural Service (FAS) Activities**

FAS maintains offices around the world and is an important resource to grape and other specialty crop producers who need technical and other trade assistance, help in dealing with trade barrier issues, marketing assistance and related matters.

Also, FAS administers the MAP program.

The FAS funding should be maintained at a level sufficient to enable continuation of its important services as recently revised in the 2006 FAS reorganization.



## NUTRITION SECTION

Across the life span, proper nutrition is critical in promoting good health, preventing disease, and improving quality of life. Therefore, agriculture policies and related domestic and international nutrition assistance programs should support incentives and key strategies that help Americans reach national health goals and ultimately reduce health care costs.

The Dietary Guidelines for Americans call for the consumption of 5 to 13 servings a day of fruits and vegetables as a cornerstone of good health. Yet, on any given day 45% of children eat no fruit at all, and 20% eat less than one serving of vegetables.

Grapes and grape products have been shown to be a good source of nutrition and can positively impact human health. Additional research is needed to further demonstrate the value of the consumption of grapes and grape products as well as to provide additional access to these healthy products. Education of consumers on the important dietary source of nutrients available in fruits, including grapes, could have significant societal benefits through health care savings.

From the grape industry perspective, consumer and related research is an important part of this task.

Specialty crop groups (including the grape industry) and other parties interested in this subject have advanced some proposals worthy of support. A summary of these proposals follow.

### **Permit Food Safety Discussions as a Part of Federal Marketing Orders Operations**

Overall, marketing order programs benefit many specialty crop producers, consumers and the agricultural economy. Ideally, the programs assist farmers in allowing them to collectively work to solve marketing and promotion problems. At this time, food safety discussions are not now allowed as part of the current operations of federal marketing orders. By allowing this dialogue as part of the marketing order functions, the specialty crop industry believes enhancements in market access to increase export market development will be achieved.

This proposal calls for a right to amend all specialty crop marketing orders to authorize administrative committees, with the approval of the Secretary, to establish through informal rulemaking provisions to regulate the handling of produce to address food safety concerns.

### **Expand and Further Fund the School Fruit and Vegetable Snack Program**

The School Fruit and Vegetable Snack Program is an effective and popular nutrition intervention program proven to increase fresh fruit and vegetable consumption among children in participating schools.

This proposal would expand the School Fruit and Vegetable Snack Program to 100 schools in every state; direct the USDA to develop a report that evaluates the programs; and, authorize mandatory support funding of \$200 million per year (\$1 billion over 5 years).

### **Expand and Further Fund the WIC and Seniors Farmer Market Nutrition Programs**

The WIC and Senior Farmers' Market Nutrition Programs (FMNP) help low-income individuals add more fresh fruits and vegetables to their daily diet. In FY 2004, the WIC FMNP served 2.4 million participants. The Senior FMNP assisted 802,000 low-income seniors. These programs also provide direct market opportunities to farmers. In FY 2004, the WIC FMNP added \$26.9 million in revenues for farmers. Funding should be increased for these important programs.

### **Better Define the Mission and Scope of the Food Stamp Nutrition Education Program**

The Food Stamp Nutrition Education program should focus appropriately on the most effective interventions to drive behavior and environmental changes to better assist food stamp recipients and eligible population in eating a healthful diet rich in a variety of fruit and vegetables consistent with the *2005 Dietary Guidelines*.

### **Provide \$10 Million per Year for 5 Years of Mandatory Funding for a Food Stamp Fruit and Vegetable Electronic Benefit Transfer Card Pilot Program**

This proposal calls for \$10 million per year for 5 years (\$50 million total) for states to develop and pilot test innovative programs that encourage increased consumption of fruits and vegetables by providing incentives for purchase of fruits and vegetables made through use of electronic benefit transfer cards (EBT).

### **Harmonize All Federal Feeding Programs with the 2005 Dietary Guidelines**

The Farm Bill addresses the Food Stamp Program and commodity purchases for special nutrition programs and school lunch programs. This proposal requires that all USDA feeding programs and commodity purchasing programs authorized and/or funded in the Farm Bill shall be required to base food allocations according to the *2005 Dietary Guidelines*.

**Create and Properly Fund a New Fruit and Vegetable Nutrition Promotion Program to Help the U.S. Population Increase its Consumption Consistent with the 2005 Dietary Guidelines Level**

This proposal would create a matching fund grant program of \$75 million per year (\$450 million over 5 years) to establish a new Fruit and Vegetable Nutrition Promotion Program. The program is to help Americans increase their consumption of fruits and vegetables to meet the *2005 Dietary Guidelines*. Meeting federal health guidelines would require Americans on average to double their consumption of fruits and vegetables, an increase in demand that would create significant value to U.S. growers in market opportunity.

The program would be administered by USDA AMS using funds from Commodity Credit Corporation (CCC) in a manner similar to the Market Access Program (MAP). USDA would form cooperating partnerships with non-profit U.S. fruit and vegetable trade organizations, non-profit state and regional fruit and vegetable organizations, U.S. fruit and vegetable agricultural cooperatives, commodity boards and commissions, and U.S. businesses in the fruit and vegetable industry. Businesses would be eligible to apply for support through trade organizations, as in the current MAP program.

This matching funds program would require investment from fruit and vegetable producers. Based on the MAP model, trade organizations must meet a 10% minimum match requirement; individual companies must provide a minimum 50% match. Funds available for this program would be subject to rules and regulations to be developed by AMS, requiring USDA approval as to the appropriate nature and compliance of the activities before receiving matching funds.

**USDA Fresh Fruit and Vegetable Commodity Purchases  
Out of Section 32 Contingency or “Reserve” Fund or  
Other Funding Sources Should Be Encouraged and Better Funded  
– But Not on the Basis that Processed Specialty Crops Lack Nutritional Value**

Some in the specialty crop category express concern over the alleged fact that USDA’s commodity purchases are overwhelmingly canned, frozen or dried (98-99%) due to infrastructure and logistic challenges, and thus cannot meet the DOD and other fresh fruit and vegetable programs for schools.

While the grape industry supports efforts to enhance the consumption of “fresh” products such as table grapes, it does not think it appropriate or accurate to suggest or imply that frozen, dried or other processed grapes or other specialty crops are of less interest or nutritional value to children or any other consumer.

Science has shown that increased consumption of fruits and vegetables, both fresh and processed, provide great nutritional value to children and adult consumers.

## **RESEARCH AND DEVELOPMENT SECTION**

The grape industry firmly believes that an effective agricultural research program is the key component of a competitive, viable and diverse agricultural economy. Federal farm policy should re-invigorate our national agricultural research agenda by providing additional funds and developing a more competitive system for distributing grants and promoting research goals that affect all areas of agriculture. This is of particular significance to the economic viability of rural communities.

Specialty crops and their research needs are unique and important. These crops often have high production input costs and unique market challenges, and yet are a significant service of essential nutrients required for good health. The industry must improve its efficiency and ability to serve emerging “quality-based markets” in order to compete with emerging exporters and for emerging import markets. This is particularly true for the grape industry.

Additionally, the grape industry and the processors of their products face a range of challenges in meeting more stringent water quality and water conservation goals, and new air pollution control requirements.

With dramatic reductions in Cooperative Extension staff and research personnel, support for applied specialty crop research and dissemination has been significantly curtailed. This is of great concern since research results must be delivered to, and implemented by, producers and processors via world-class extension and outreach in order for the benefits of the research to be realized. Unfortunately, the specialty crop industry nationwide is historically underserved by university-based cooperative extension, and continues to see this capacity eroded. Unprecedented private-public partnerships have maintained basic outreach and extension here and there, but these piecemeal measures are inadequate. One successful partnership is the Lake Erie Regional Grape Program which involves: two states – New York and Pennsylvania; two Universities – Cornell and Penn State; and industry processors and wineries providing funding – all of which has resulted in more and better research and increased extension education.

In short, an increased and better coordinated federal investment in research and the extension of research for grape and other specialty crop production, processing, marketing and consumption, that is responsive to stakeholder needs, is of great importance to the grape industry.

### **The Grape Industry Is a Significant Part of the Specialty Crops U.S. and Global Activity**

Grapes are an expanding high value crop across America. The U.S. grape crop, now grown in most if not all states, has a farm gate value of \$3.5 billion (excluding value-added wine, juice, raisins and other products). Wine grapes have increased far faster than the overall grape crop and now represent almost two-thirds of the total sum.

Grapes are the highest value fruit crop in the U.S. and the sixth largest crop overall. Grapes processed in agricultural areas for wine, raisins and juice adds tremendous farm-based value to the crop.

To continue to prosper in the face of increasingly daunting international competition, the U.S. must lead in the production of grapes and value added products such as wine that are of superior quality and value and we must do so with sustainable practices that respect the environment, our employees, and our communities. This requires increased investment in research and the extension of research results to stimulate innovation and accelerate the adoption of new best practices such as: enhancing crop management, efficiency, and sustainability; improving the viability of production and processing operations; and, improving worker safety and productivity.

Funding for research at the state and federal levels should be increased and private/public partnerships should make the most efficient use of limited research dollars.

### **Multi-Disciplinary Collaboration Both Within and Without the Specialty Crop Industry Will Maximize Research Results**

Collaboration within the specialty crop industry is necessary to improve competitiveness and product quality by establishing research priorities. Such collaborative strategies have already started. For example, the National Tree Fruit Technology Roadmap, created by a number of partners in the apple and cherry industries, is urging USDA to direct more resources to genetics, genomics and plant breeding, automation, diagnostics, sensor technology, precision agriculture, crop health and crop protection. They are encouraging research to be focused on the major specialty crops sectors, rather than specific crops, thus addressing broad fruit families.

The grape industry also recognizes the need for an effective collaborative research effort premised on comprehensive planning designed to lead to definite action plans. For the past two years the wine community has worked with the table, juice and raisin grape industries to develop the National Grape and Wine Initiative (NGWI), a national strategic plan which identifies four key research and education and extension areas:

- □ understanding and improving quality;
- □ understanding consumer perceptions of specialty crops, the role of nutrition in specialty crops, and the economic contribution of specialty crops to rural economics;
- □ enhancing processing and production efficiency; and,
- □ developing and promoting sustainable practices.

NGWI combines industry, academics and government involvement in its effort. NGWI believes that an important component of its strategic plan is a requirement that all research effectively target and be executed against national priorities, producing commercially viable outcomes which are effectively communicated through extension and education resources to accelerate adoption by growers and processors.

In addition to the NGWI effort discussed above, the grape industry is also a part of another growing collaborative group that currently involves representatives from the almonds, berry, citrus, tree fruit and walnut industries. The group is called the “Specialty Crop Research Team (SCRT)” and is exploring ways to promote unity and clarity around technical needs and to foster a multi-disciplinary and multi-institutional approach to industry research and extension priorities at a national level. The key research, extension and education areas the group is focused on are much the same as that mentioned above for NGWI.

A variety of specialty crops and other groups interested in the 2007 Farm Bill have advanced a number of ideas related to increasing research and improving its quality. A review of those concepts of particular interest to the grape industry follows.

### **Research Should Be Aimed at Developing New Technology**

New technology is absolutely essential to enabling grape producers to be competitive with foreign competition. Most other agriculture producing countries have much cheaper labor, less environmental regulations, and high subsidization of production and marketing. The grape industry does not want subsidies, but must have new technologies to enable the efficient production of high quality grapes demanded by the marketplace.

Additionally, this technology needs to be communicated to producers, and the best way to accomplish this is through the Cooperative Extension Education System.

Specifically, investments need to be made in the following areas: new production and processing techniques; improving raw and finished product quality; understanding and improving the health and nutrition benefits of grapes and grape products; and, developing sustainable production practices that will enhance environmental protection in a cost-effective manner.

### **Continue and Increase Funding of Specialty Crop Food Quality Research Priorities**

Provide priority funding for grape and other specialty crop food quality enhancing research programs including:

- □defining nutritional quality;
- □improving flavor and taste;
- □improving quality segregation technologies;
- □improving produce genotypes (varieties);
- □improving mechanization and robotics to assist in the labor process within the production and marketing system for specialty crops; and,
- □developing sustainable crop production through introduction and application of new plant materials more suited to regional environmental constraints and local pest and pathogen pressures.

**Continue and Increase Funding for Research Aimed at  
Understanding Consumer Perceptions of Specialty Crops,  
the Role of Nutrition in Specialty Crops, and the Related  
Economic Contribution of Specialty Crops to Rural Economies**

Better understanding consumer knowledge, perception, bias and related thought process regarding specialty crops and their relative value to health and rural economies is one key to future specialty crop market promotion and consumer education strategies.

**Establishment of a New, Nationally Coordinated and Funded National  
Clean Plant Network (NCPN) Is Important**

The United States' programs for the production of clean planting materials for several key horticultural crops are in jeopardy due to the lack of public funding. The U.S. grape, fruit tree and tree nut industries depend upon the continuation of these programs.

Currently, funding for development and maintenance of plant materials is done through land grant Universities who charge fees to nurseries and growers. The funding is inadequate, is inconsistent and not coordinated nationally. U.S. programs must use state-of-the-art technology to stay competitive in the global marketplace. A new approach is needed.

The grape industry supports creation of a National Clean Plant Network (NCPN) supported by a sustainable national funding source for clean planting materials programs on the following basis:

- □ it is supported with mandatory funding of \$5 million per year for 5 years (\$25 million total);
- □ funds are used to established centers that have the expertise, facilities, and climate necessary to efficiently produce, maintain, and distribute healthy planting stock;
- □ an advisory committee will be formed that includes industry representatives and researchers from throughout the country to communicate priorities to the NCPN; and, among other strategies,
- □ the program will provide for and help supervise certification of diagnostic and pathogen elimination services to produce clean propagative plant material and to maintain blocks of pathogen-tested plant material sites located throughout the country.



**Provide Mandatory Funding of at Least \$200 Million per Year (\$1 Billion Over 5 Years) to Establish a New Grant Program within USDA (CSREES) to Improve the Efficiency and Competitiveness of Specialty Crops Producers**

Distributed through CSREES, a new program should be established where grants shall be evaluated and awarded on the basis of substantial specialty crop industry input and direct involvement.

The program will be utilized to fund research that addresses the short-term, intermediate, and long-term needs of the specialty crop industry in production technology such as, but not limited to: plant breeding, pest management; production physiology and food science; mechanization, marketing, product development; food security, and, food safety to improve the competitiveness of the specialty crop industry.

This program may also be used to fund development and implementation of industry-specific strategic plans to prioritize research and develop industry and research collaboration.

Grant applications may be considered from a wide variety of interest including: non-profit U.S. specialty crop trade organizations; non-profit state and regional specialty crop organizations; U.S. specialty crop agricultural and regional specialty crop organizations; U.S. specialty crop agricultural cooperatives, commodity boards and commissions, university research and extension programs; and, U.S. businesses in the specialty crop industry.

This concept is of critical importance to the grape industry as it encompasses many of its concerns about generating more focused useable research. The grape industry supports a funding level of \$200 million per year for five years.

**Require the Development of a Specialty Crop Priority Area within the Overall Areas of Emphasis of the National Research Initiative (NRI)**

The NRI is a primary mechanism for USDA grants. NRI operates under the Cooperative State Research, Education and Extension Service (CSREES).

NRI research personnel and support for applied specialty crop research has been significantly curtailed in recent years. This trend must be reversed. Research funding to Federal research institutions, land grant universities, and private research stakeholders should appropriately and proportionally represent the important role that specialty crops play which represents almost 50% of the total plant agricultural production.

Development of a Specialty Crop priority area within the overall areas of emphasis of the NRI should be mandated. As part of this priority area, funding should be dedicated to applied research and extension programs. The goal of this action would be to increase the priority level and quality of specialty crop research.



**In Prioritizing Overall Federal Research Activities for  
Specialty Crops – Be It USDA or Other Relevant  
Agencies – Guidelines Must Be Set Out in Report or Similar Clear Language**

In order to address the competitive needs of U.S. specialty crop growers, the grape industry agrees that federal research funding priorities should be guided by the following directives:

- □ encourage integrated projects combining research, extension and education, such as Initiative for Future Agriculture and Food Systems (IFAFS), the CSREES program grants, National Research Initiative (NRI) and others which are especially valuable for specialty crops;
- □ direct the ARS and CSREES to cooperatively and actively engage with and support producers and organizations comprised of key stakeholders working together in the development and implementation of applied research and extension and in so doing, deliver scientific research they generate to key industry stakeholders in a user friendly form, in addition to a standard research publication;
- □ research and extension activities conducted by the government agencies be required to have industry appointed panels such as the “Specialty Crop Advisory Committee” set up by the 2004 Specialty Crop Competitiveness Act involved in the prioritization, administration, and oversight of dollars spent;
- □ research and extension activities conducted by government agencies should fit with the Strategic Plan as defined by the relevant specialty crop’s stakeholders groups;
- □ research funding should be available to private research stakeholder entities (for distribution and oversight in their own respective RFP process);
- □ research funding should emphasize strategies which improve production efficiencies, sustainability, and quality or consumer health; and,
- □ as a matter of general policy, research grants should not be biased in favor of or against a particular specialty crop nor whether it relates to fresh or processed crop issues.

**In Connection with the Re-ordering of Specialty Crop Research Grant Priorities of  
Existing Federal Agency Structure – Two Proposed New Models for Re-ordering All  
Agriculture Research Described Below – Or Any Ultimate Combination Thereof –  
Deserve Careful Review and Consideration**

While the grape industry prefers to focus on improving its research support in the context of the existing federal agency structure, two proposals have emerged in the past two years aimed at making all of agriculture research more efficient and accountable to stakeholders. Both deserve careful study as many of the ideas parallel those advanced by

the grape and other specialty crop producers. Currently, there is an ongoing effort by the “Create 21” group and other interested parties to combine these proposals into one comprehensive reform proposal.

- □ The NIFANR Proposal Totally Revamps the USDA / University Partnership by Creating a New Research Oriented Agency Under the Secretary of Agriculture

This option, unveiled in 2005, establishes a National Institute for Food, Agriculture and Natural Resources (NIFANR) and totally revamps the USDA – university partnership. NIFANR came out of the Creating Research, Extension and Teaching Excellence for the 21<sup>st</sup> Century (CREATE-21) Committee, charged with redesigning the partnership between National Association of State Universities and Land Grant Colleges (NASULGC) institutions [(1862s, 1890s, 1994s, Insular, and Hispanic Servicing Institutions (HSI)] and USDA. It proposes a national institute that brings together basic and applied research (extramural and intramural) and couples it with extension and education programming to focus on solving problems. Proponents of this new model claim it is more collaborative and competitive in nature and more responsive and accountable to local, state, regional, and national needs.

Current expenditures for research and development within USDA are about \$2.4 billion. In theory, NIFANR could eliminate excessive duplication among programs and promote better exchange of information, redirecting funds and retrieving data to solve problems more efficiently.

NIFANR would be an independent agency under the administrative leadership of the Secretary of Agriculture and incorporate current elements of USDA’s research, education and extension activities including intramural research and education, and land grant and university programs.

It would be led by a distinguished Director (“Chief Scientist”) appointed by the President approved by the Senate for a six-year term, under administrative leadership of Secretary of Agriculture and guided by a panel of stakeholders and eminent scientists.

- □ The NFIA Research Re-ordering Proposal Was Developed by a USDA Task Force and Modeled After the NIH – Operating within the USDA Structure and Is Now Memorialized in U.S. Senate Bill 2782 (Talent)

This option, proposed in 2004, calls for creation of the National Institute of Food and Agriculture (NFIA). NFIA is modeled after the National Institutes of Health (NIH). It is likely to improve the quality of agricultural research but some critics say it does not fully address the issues of inefficiency and accountability faced by the USDA-university partnership as a whole, although they recognize it is a step in the right direction.

In 2004, the Research, Education and Economics Task Force of the United States Department of Agriculture proposed the National Institute for Food and Agriculture (NIFA) within the USDA. NIFA would report directly to the Secretary of Agriculture and awards competitive peer-reviewed grants to both individual scientists and single and multi-institutional research centers that support and promote the very highest caliber of fundamental agricultural research. The Institute's programs would supplement and enhance, not replace the existing programs of the Department of Agriculture.

A distinguished scientist, appointed by the President of the United States and confirmed by the Senate, would direct NIFA. A Senior Staff of highly accomplished scientists would assist the Director.

Committees of scientists and key stakeholders would consider proposals and apply rigorous merit review. A standing council of advisers would be responsible to assure the relevance and importance of the science pursued with NIFA funds.

### **Consider Rescinding or Reducing the 20 Percent Cap on Indirect Charges on Agricultural Research Competitive Grants**

Since 1990, Congress has required USDA to impose a cap on indirect costs that universities can recover with competitive grants (currently at 19 percent). In contrast, the National Science Foundation and National Institutes of Health honor the grantee's federally negotiated indirect cost rate agreement – sometimes 45 percent or higher.

Universities use indirect monies to cover administrative costs, including building maintenance. As universities struggle to cover the costs of their aging infrastructures, the cap on agricultural research is rapidly making agricultural research less attractive to land grant institutions.

One must weigh the resulting inability to attract sufficient numbers of highly qualified researchers against making more funds available for actual research. The challenge is at a funding level of \$300 million, lifting the cap on indirect costs would reduce the funds currently available for research from \$240 million down to \$165 million or less. The cost to research would be \$75 million but might reduce the pressure on universities to secure earmarks from Congress.

We recommend giving this idea careful consideration to determine if there is a way to enable agricultural research to stay on a par with other scientific research endeavors without significantly reducing research monies.

### **Encourage More Research Funding that Focuses on Value-Added Grant Programs**

The growth potential for American value-added, branded, and packaged food products is significant. Research into ways to add value to specialty crop fresh and processed foods will help the U.S. tap into export opportunities in this area. In addition,

as free trade agreements continue to open up U.S. markets to more foreign imports and our agricultural trade surplus declines, U.S. products need to become more competitive here at home to keep pace.

Specifically, it is proposed that a program or at least some policy guidelines be developed to designate competitive grant funds for research into value-added, branded and packaged food products and to increase funding for research into how to capitalize on the changing tastes and demands of American consumers and how to address the growing use of foreign ingredients in U.S. manufactured food products.

## **ENERGY SECTION**

### **The 2007 Farm Bill Activity Provides an Opportunity to Develop and Fund New Proposals Aimed at Helping the Agricultural Industry with Research and Capital Costs Associated with Pursuing Alternate Energy Sources. The Grape Industry Supports Such Action**

Given increasing costs of fossil fuel related energy and political instability surrounding some location it is sourced, alternate forms of energy are gaining more interest and focus. Methane generated from dairies and ethanol from corn products are two examples of this activity.

The grape industry firmly believes that the entire agricultural industry, including specialty crops, has a significant role to play in development of alternate fuel sources, using either primary products or by-product and waste material. Developing and utilizing such fuel sources are not only consistent with the concept of “sustainable” agricultural in the sense agriculture can help to cover its own energy needs, but also has the potential of generating a net energy gain which will be a value to the general public.

The 2007 Farm Bill provides an opportunity to develop new programs aimed at helping the agricultural industry with research and capital costs associated with pursuing alternate energy sources.

## **MISCELLANEOUS SECTION/CROP INSURANCE AND RELATED RISK MANAGEMENT ISSUES**

Many current Farm Bill programs and other disaster programs are of limited benefit to the grape industry. Like most other specialty crops, grapes are a “high value” product and thus are not compatible with such strategies as payment caps, limits on Adjusted Gross Income and limits on off-farm income even if integral to farming operators.

Therefore, the grape industry advocates that a thorough review be made of all farm programs to identify and correct provisions that unfairly limit or exclude benefits to specialty crop producers because of a higher cost of production.

Areas we think particularly important are summarized below.

### **Crop Insurance Needs Substantial Updating to Reflect the High Risk Nature of Grape Production**

Crop insurance can be an important safety net for grape producers and would also limit the need for disaster assistance programs that have been enacted in recent years due to weather-related issues. The program has worked fairly well in California and the west coast but there should be significant improvements to address the needs of grape growers throughout the rest of the country. West coast growers will also benefit from continued updating to reflect the “real-world” high risk nature of grapes production Program improvements we think important are noted below.

- ☐ The sales closing date of January 31 for California wine grapes reflects the reality of its growing season. However, the sales closing date in other states for juice and wine grapes should be moved to December 20 from the current date of November 20 because most grape producers have just finished harvest a few weeks/days before the current sales closing date. This leaves inadequate time to make intelligent decisions on crop insurance types and coverage levels available to them.
- ☐ Increase coverage levels to 85% from the current highest level of coverage which is at the 75% level. The level of federal subsidy should increase correspondingly to encourage higher coverage levels. This could actually reduce program costs if this approach would, as it should, attract a much higher level of participation.
- ☐ Enable producers participating in the Adjusted Gross Revenue and Multi-peril crop insurance program to insure varieties separately on each farm, not requiring the co-mingling as it is now. Separation by variety will enable producers to insure

varieties in a way that reflects significant differences in market value as well as weather-related risks.

- ☐ Grapes along with other perennial crops often have weather impacts that affect more than one crop year. This phenomenon needs to be taken into account by using a longer term average (10 years), or providing program flexibility that would allow the dropping of some years where damage is obviously associated with prior year(s) conditions.
- ☐ Dried on the vine practices are becoming more common place in the raisin industry which, among other things, is more conservation oriented than land drying practices. Crop insurance criteria should be adjusted to enable such practices to be covered by insurance.
- ☐ Allow coverage to begin in the third season after planting. This would reflect actual production practices.

We also support expanding use of pilot programs aimed at putting a structure in place for premium payments and incentives to purchase more adequate coverage at higher levels and premium discounts for good performance.

## **Tree Assistance Program Funding Should Be Increased to Reflect the Increasing Cost of Vine and Other Eligible Crop Replacement**

Since this program covers eligible vines, as well as trees and bushes, it is of clear importance to the grape industry.

We agree with other specialty crop groups that payment authorization under this program should be increased to at least \$150,000 per person per year (double that permitted by the 2002 Farm Bill).

The high cost of vine replacement justifies this increase.

## **High Production Cost Specialty Crops – Like Vineyards - Should Have a Higher Disaster Assistance Payment Limit**

We agree with other specialty crop groups that current limits (\$80,000) on disaster payments should be modified so as to allow producers of specialty crops with higher cost of production – such as vineyards – to receive proportionally larger disaster assistance.

## **The Specialty Crop Federal Disaster Assistance Funding Policy Manual Should Be Changed So As Make Clear that Specialty Crops Are Eligible for Relief**

In most states, weather, government imposed quarantines, and other natural disaster related problems plague the grape producers like other specialty crops.

Federal policy and program implementation should be clarified to make clear that specialty crops are eligible for such relief.

### **The Approval Process by US EPA for an Emergency Exemption to Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) Provisions Should be Expedited**

This proposal would encourage the Administrator of the Environmental Protection Agency (EPA) to expedite the emergency exemption process regarding any provision of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). This is of particular concern where use of a non-registered pesticide is needed in a pest emergency situation.

Each state is responsible for submitting the petition describing the emergency situation, and the petition must contain information sufficient for the Administrator to make a proper evaluation of the emergency.

This proposal requires the US EPA to establish a transparent process for the consideration of such emergency petitions and includes a requirement to notify the House and Senate Committees on Agriculture after the fiftieth (50) day as to the status of the petition and provide justification of why there is a delay by the Administrator on making a decision on the State's petition.



## **MISCELLANEOUS SECTION/INVASIVE PESTS AND DISEASE CONTROL**

With the liberalization of international trade in agricultural commodities and commerce coupled with the evolving responsibilities of the Dept. of Health Services (DHS), protecting the health of our nation's crops is becoming an increasingly important and difficult task. It is vital that the United States maintains its responsibility for the protection of the nation's food supply, our agricultural economy, and plant health. Therefore, policies established should provide the greatest reduction in risks, establish a consistent and clear communication structure, and provide for problem resolution with built-in accountability.

The constant threat of introduction of invasive pests and disease demands the ability to respond immediately to new infestations, and more importantly, be proactive with research, control and containment, as well as planning to detect and prevent new infestations.

The grape industry provides a good example of the seriousness of this issue. Through no fault of its own, the U.S. grape industry faces major issues today from a number of invasive and non-native viruses and pests. A number of viruses such as Pierce's Disease spread by the Glassy Winged Sharpshooter insect that are currently attacking grapevines severely limit production of high-value vinifera and hybrid grape varieties. These viruses have been mistakenly brought into the U.S. from foreign sources. In addition, the USDA introduced the Multi-Colored Asian Lady Beetle (MALB) a number of years ago to control soybean aphids. Unfortunately, MALB are also becoming a pest in grapes causing serious off-flavors and odors in wine and juice. There is no natural control of MALB so they are continuing to proliferate posing a significant threat to the industry.

Suggested improvements in the current pest and disease control programs follow.

### **Key to the Grape Industry Is the Need For Tight Controls on Plant Imports and Bio-Controls**

From the grape industry perspective, at a minimum, the following requirements in respect to invasive species and introduction of foreign pests should be dealt with in the 2007 Farm Bill:

- ☐ new stricter regulations associated with the importation of plants into the U.S. are needed that would include testing for viruses and other plant pathogens that are known to cause damage to grapevines;
- ☐ before introduction of new bio-controls, the USDA should be required to thoroughly assess the potential impacts to a broad range of U.S. agricultural production before they are introduced into this country;

- □consistent with concepts advanced in pending House Bill 4090 (Pombo), authorize the Secretary of Agriculture to enter into cooperative agreements with State and Local governments to augment their efforts with supplemental funding and other assistance to conduct early detection and surveillance to prevent the establishment or spread of plant pests that endanger agriculture, the economy and/or environment of the U.S.;
- □a significant investment should be made in research on controlling MALB now, before they inflict irreparable damage; and,
- □significant funding levels must be maintained to ensure control and ultimate eradication of Pierce's Disease in grapes and the other specialty crops adversely impacted.

In addition to the above suggestion, other groups interested in this issue – particularly other specialty crop producers – have advanced several ideas that we in the grape industry, support. These concepts are summarized below.

**Create an Office of Pest Management in the Secretary of Agriculture Office to Expedite Integration of USDA Pest Management Activities and Enable More Effective Interplay with US EPA in this Important Area**

Established in September 1997, the USDA Office of Pest Management Policy (OPMP) has a mandate to integrate the Department's programs and strategic planning pertaining to pest management; coordinate USDA's role in pesticide regulatory process; and strengthen the Department's support for agriculture by helping develop alternative pest management tools.

At present, the USDA/Office of Pest Management does not have the funds or staff to effectively interface with the US EPA and other groups who enforce environmental laws – particularly the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) and the Food Quality Protection Act (FQPA). As a result, USDA is limited in its ability to participate in the decision making process.

This proposal would establish a permanent office in the Secretary's office to help expedite this process. Of particular importance to the grape industry is a harmonization of pesticide and food safety regulations that reflect the high standards U.S. grape producers must conform with.

**Require APHIS to Develop a Program that Determines and Prioritizes Foreign Threats to Domestic Production of Specialty Crops Including Bio-Terrorism and Provide Mandatory Funding Over 5 Years to Accomplish the Task**

This idea is similar to the point advanced by the grape industry.

The Animal and Plant Health Inspection Service (APHIS) is the USDA regulatory agency charged with protecting U.S. agriculture from the introduction, establishments,

and re-emergence of plant pests and diseases that could harm production or damage export markets, a role of great importance to the specialty crop industry.

In 2002, in the law creating the Department of Homeland Security, Congress transferred the inspection function and more than 2,600 APHIS inspectors to the DHS Border and Transportation Security mission area.

This proposal would require APHIS to develop a program that determines and prioritizes foreign threats to domestic production of specialty crops, including bio-terrorism. The program would be modeled after the Cooperative Agricultural Pest Survey approach. As a component of this task, APHIS is to work with the Agriculture Research Service (ARS) in developing domestic mitigation and/or eradication efforts where appropriate.

The goal of this program is to protect the interest of the domestic specialty crop industry and prevent pest and disease threats in the United States. Funds shall not be used for eradication efforts that enhance import opportunities into the United States.

It is recognized that in order to accomplish this, language should be put forth that would mandate DHS communication and sharing interception data on a regular basis with APHIS. Also, mandatory funding of \$100 million per year (\$500 million over 5 years) should be authorization to accomplish this task.

## **Create a New Sanitary and Phytosanitary (SPS) APHIS Export Division to Expedite Processing of SPS Petitions**

A major impediment to increasing exports of U.S. specialty crops is the current backlog of sanitary and phytosanitary (SPS) export petitions at USDA's APHIS. This greatly limits the ability of U.S. specialty crop producers to increase exports.

The proposal would direct the USDA to create an SPS Export Division within APHIS. The purpose of this division will be to process current and new SPS petitions for removing SPS trade barriers in export markets. In addition, the division would be responsible for establishing a public docket for export petitions similar to that which now exists for import petitions. The division would be charged with completing existing export petitions within five years of enactment.

**Permit Access to Commodity Credit Corp (CCC)  
Funds for Emergency Eradication Programs**

The introduction of foreign pests and diseases has cost the nation millions of dollars in control and eradication efforts and lost production capabilities. Pierce's Disease spread by the glassy winged sharpshooter, vine mealy bug and Asian lady beetle (MALB) are just a few challenges for the grape industry in this regard. We think it incumbent upon the Federal government to respond to these emergency situations and develop eradication programs that are cost effective and targeted to the specific needs of each circumstance. Also, existing programs should be maintained until eradication is accomplished.

This proposal would cause the Secretary of Agriculture to access CCC funds for emergency eradication programs without encumbrances. These funds would be used for domestic emergency eradication only. If compensation to growers were warranted, such a program should be administered with existing FSA services so as not to dilute APHIS resources to accomplish the eradication goal.

**Require that All Initiated Trade Agreements (Including Notification of Trade Agreements) Sent to Congress Are Accompanied by a Report on the Current Sanitary and Phytosanitary (SPS) Barriers for Agricultural Products**

The Uruguay Round's Sanitary and Phytosanitary (SPS) Agreement establishes a multilateral mechanism to protect human, animal, and plant health in World Trade Organization (WTO) member countries. As a WTO member, this Agreement protects U.S. exporters from other countries' use of health-related measures to disguise barriers to trade. Unfortunately, while these programs have been in place, for specialty crops, there have been inconsistent results in bringing down SPS barriers.

**Provide Funding to Continue Production of Sterile Med-Fly**

A number of years ago, the med-fly caused significant problems in California and other areas of the country.

Use of the sterile med-fly strategy has been a significant factor in controlling this pest – but its future availability is threatened.

A Hawaiian med-fly facility has supplied sterile flies for several infestations but is now in such disrepair that it can no longer be considered a viable source for sterile med-flies.

This proposal would authorize construction of a warehouse and eradicator containment facility in Waimanalo, Hawaii, to support fruit fly rearing activities and to house an irradiator (irradiation is used to sterilize fruit flies which are subsequently used to eradicate exotic fruit fly infestations). It also provides \$15 million for construction and startup, and \$1.0 million annually ongoing for maintenance.

## **MISCELLANEOUS SECTION/EXPAND THE BLOCK GRANT OPPORTUNITIES WITH INCREASED FUNDING AND BETTER, MORE FLEXIBLE GUIDELINES**

The grape industry joins with other specialty crop group in supporting an expansion of the State Block Grants for Specialty Crops program originally authorized in the Specialty Crop Competitiveness Act of 2004. Due to the wide diversity and localized needs in specialty crop production, state departments of agriculture are uniquely able to assist local growers with the specific investments they need to increase competitiveness.

We agree it is important to have mandatory funding for this process at the \$500 million per year level (\$2.5 million over 5 years). It is also important to retain the specialty crop focus for the State Block Grant program – not open it up to commodity and other agricultural crops.

In terms of developing statutory or regulatory guidelines for implementing the program, we have two suggestions that are noted below.

- ☐ The concept of the block grant funds supplementing state funds and not replacing them should be maintained.
- ☐ Currently, the state plan for a block grant must identify the lead agency charged with the responsibility of carrying out the plan and indicate how the grant funds will be utilized. To enhance the competitiveness of specialty crops – it should be made clear that the lead agency can be an entity made up of multiple stakeholders that is pursuing research and related subjects.

Block grants should invest in a variety of programs or projects that support research, sustainability, product quality enhancement, consumer health, food safety and other programs that enhance competitiveness of specialty crop producers.

In particular, we do not think the fact that a proposal is for a WTO “green box” category project should disqualify it for participation in the block grant process. Such exclusion would be arbitrary and discourage many “sustainability” and other environmentally sound projects.

## **MISCELLANEOUS SECTION/EXPAND AND BETTER FUND THE USDA OFFICE OF TECHNOLOGY TRANSFER TO BETTER PROTECT INTELLECTUAL PROPERTY RIGHTS**

Intellectual Property Rights (IPR) includes many forms of legal protection that give inventors varying degrees of exclusive use rights. These include patents, plant breeders' rights, trademarks, and copyrights. Breeders in the U.S. could obtain Plant Variety Protection (PVP). Concerns continue to surround the ability for the U.S. government to respond and monitor the potential infringements upon IPRs in competing countries.

Therefore, this proposal calls for an expansion of the USDA Office of Technology Transfer (OTT) to ensure that U.S. specialty crop intellectual property rights are interfacing with governmental and non-governmental organizations.

This endeavor would continue to focus on encouraging the development and protection of intellectual property rights for plant material – supported by mandatory funding of \$2 million per year (\$10 million over 5 years).

## **MISCELLANEOUS SECTION/TRANSPORTATION AND RELATED SHIPPING DATA IMPROVEMENTS**

Two suggestions for improvement to transportation and related shipping information have been advanced and deserve support.

### **Provide Mandatory Funding to Maintain the Viability of Fruit and Vegetable Market News**

To be competitive, fruit and vegetable growers need timely price, shipping, and delivery information. Without this information, growers are at a severe disadvantage in domestic and international markets. There is a concern that the current Agricultural Market Service (AMS) Market News (been functioning for 90 years) funding allocation for fruit and vegetable price information is not sufficient to provide timely, accurate market prices, shipping or delivery information to U.S. fruit and vegetable growers, nor is it sufficient to resolve trade disputes.

This proposal calls for mandatory funding from the Commodity Credit Corporation for fruit and vegetable Market News activities at AMS at \$9 million per year (\$45 million over 5 years) and future funding shall be indexed for inflation on an annual basis.

### **Provide Mandatory Funding to Help the USDA Transportation Service Branch Operate a Grant Program to Improve Transportation Infrastructure**

The grape and other specialty crop producers support the development of a grant program through the USDA Transportation Services Brand to help assist local and regional transportation needs specific to the specialty crop industry.

This proposal is to expand the Transportation Services Branch of USDA – AMS to create a grant program supported by mandatory funding of \$75 million per year (\$375 million over 5 years) for state and local government, grower cooperatives, individual growers, individual shippers and state and regional grower and shipper organizations to expand and improve transportation infrastructure and address regional intermodal transportation deficiencies that will improve the cost effective movement of specialty crops to markets either within the U.S. or abroad.

Among other issues, ingress and egress at U.S. sea ports is of particular concern to the grape industry.